

U.S. DEPARTMENT OF LABOR Employment and Training Administration Washington, D.C. 20213	CLASSIFICATION UI
	CORRESPONDENCE SYMBOL TEUMI
	DATE July 11, 1986

DIRECTIVE : UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 49-86

TO : ALL STATE EMPLOYMENT SECURITY AGENCIES

FROM : *Donald J. Kulick*
 DONALD J. KULICK
 Administrator
 for Regional Management

SUBJECT : UCFE - General Accounting Office,
 Preliminary Highlights of Audit

1. Purpose: Preliminary results of a GAO audit indicate the necessity for SESAs: to ensure that only qualified "stay-in-school" students are paid UCFE benefits; to emphasize the use of correct mailing addresses for UCFE notices of determination and appeals to Federal agencies; and to ensure that proper follow-up procedures are used to obtain UCFE wage and separation information from Federal agencies.

2. References: 5 CFR 213.3101(f) definition of student employee; 213.3102(w) criteria for enrollment; UCFE Handbook No. 391, II-6, IV-12, XIII-1, XIV-2.

3. Background: A draft report of the subject GAO audit covering the UCFE program is soon to be released. The three major problem areas identified included:

a. STAY-IN-SCHOOL STUDENTS. The audit indicates that some SESAs paid UCFE benefits to stay-in-school students even though the student did not complete his/her prescribed courses and therefore was terminated from Federal service. One of the prerequisites for participating in the stay-in-school program is that the person must be a "bonafide" student, substantially attending school on a full time basis.

REVISIONS	EXPIRATION DATE July 31, 1987
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DISTRIBUTION

If the student drops out of school, he/she can no longer be considered enrolled in the program and employment is terminated by the Federal agency. Most students who drop out of the program and are terminated by the Federal agency would not be entitled to UCFE benefits. However, some States' laws may permit UCFE benefits to be paid, following such termination of Federal service if the student had a "compelling" reason for dropping out of school.

b. INCORRECT NOTICES OF DETERMINATION AND APPEALS MAILING ADDRESS. The audit also indicates that some SESAs are using an incorrect address for mailing notices of determination and appeals to Federal agencies.

c. FOLLOW UP ON WAGES AND SEPARATION INFORMATION. Another finding is that some SESAs are not following up with Federal agencies to obtain missing or incomplete UCFE wage and separation information.

4. Action Indicated:

- a. SESAs should ensure that payment of UCFE benefits to stay-in-school students are fully in accordance with State law. If questions arise, SESAs should contact the appropriate Federal agency concerning the circumstances pertaining to the separation of the student.
- b. SESAs should ensure that operating procedures are in place to mail notices of determination and appeals to Federal agencies to the address shown on the SF-8 brought in by the claimant. In the absence of an SF-8, the current Federal agency address on file should be used to mail the notices.
- c. In addition to sending Federal agencies a second follow-up Form ES-931, Request for Wage and Separation Information, after 10 days have elapsed, it is also the SESAs' responsibility to follow-up with Federal agencies for missing information. The follow-up procedure can be the same procedure used by SESAs for obtaining information from covered employers.

5. Inquiries: Inquires should be made to the appropriate regional office.